

- POLITICS
- THE ECONOMY
- INDIA
- PORTFOLIO POLICY

	<u>1/1/06</u>	<u>1/1/07</u>	<u>1/1/08</u>	<u>1/1/09</u>	<u>5/10/09</u>	<u>1/1/10</u>	<u>5/4/10</u>	<u>1/7/10</u>	<u>5/10/10</u>
FTSE 100	5618	6220	6457	4434	5024	5413	5744	4917	5636
FTSE All Share	2847	3221	3287	2209	2580	2761	2944	2543	2912
Dow Jones (US)	10717	12463	13265	8776	9600	10428	10927	9774	10945
S&P 500 (US)	1248	1418	1468	903	1040	1115	1178	1031	1161
Nikkei 225 (Japan)	16111	17225	15308	8860	9692	10546	11286	9383	9519
APCIMS Balanced	2762	2950	3024	2416	2615	2724	2861	2636	2864

Leading Growth Equities

BHP Billiton
BG Group
HSBC
W M Morrison
Reckitt Benckiser
Shire
Standard Chartered
Tesco
Unilever
Whitbread
Xstrata

Higher Yielding Equities

Aviva
GlaxoSmithKline
Land Securities
National Grid
Reed Elsevier
Royal Dutch Shell
Scottish & Southern
Tate & Lyle
United Utilities
Vodafone Group

Smaller Companies

Amlin
EnQuest
Greene King
Greggs
Mothercare
Synergy Health
Wood Group

Overseas Companies

Coca Cola
Johnson & Johnson
Microsoft
Nestlé
Roche
Syngenta
Woodside

Investment Trusts / Unit Trusts & Overseas Funds

Blackrock Latin America IT
Henderson TR Pacific IT
JPM Indian Inv Trust
Monks Inv Trust
Polar Capital Inv Trust
Schroder Oriental Inc IT
Templeton Emerging Mkt's IT

FIELD MARSHALL MONTGOMERIE OF CELTIC MANOR

What a weekend of sport: Norwich beating Bristol City to go into 3rd place - 'the Premier League here we come'; our own Derby winner Workforce beating the Japanese to win the Arc de Triomphe in Paris; the Commonwealth Games underway and on time, 'absolutely no problem'; and of course Field Marshall Montgomerie of Celtic Manor leading his troops through the mud to win the Ryder Cup by the tightest of margins 14½-13½.

My lasting memories of that epic battle will be how young Rory McIlroy and Rickie Fowler looked (like the policeman, it is a sign of the times); Tiger's 7 under par through 9 holes; the mud; and of course Graeme McDowell's final putt.

At this stage I make a personal apology to Graeme McDowell for referring to him after his US Open win in the July Newsletter as ('whoever he is'). G Mac will now be a household name in Opie Street and revered in Ryder Cup folklore.

POLITICS

The recent weeks in politics have been nearly as exciting.

Against all the odds and against the wishes of its MPs and Members, the Labour Party has taken a giant leap to the left by appointing Red Ed, rather than Dave the Rave. Mum had no say, it was the re-emergence of the Trade Unions.

The Conservative Party and the Liberal Democratic Party make the most extraordinary bedfellows. George Osborne cutting Government expenditure by 25% from local and central Government, the Judiciary, the Prisons, the Welfare State, the Benefit System and 177 quangos such as:

Government Hospitality Advisory Committee on the Purchase of Wines
Independent Review Panel for the Classification of Borderline Products

culminating in the announcement that child benefit will be cut for any parent earning over £44,000, affecting the whole of 'Middle England'. Meanwhile his Coalition partner Vince Cable makes the following statement and I quote:

"On Banks, I make no apology for attacking spivs and gamblers who did more harm to the British economy than Bob Crow could achieve in his wildest Trotskyite fantasies, while paying themselves outrageous bonuses underwritten by the tax payer."

I have seen:

Macmillan	You've never had it so good.
Wilson/Heath	The 3 day week and winter of discontent. 'The pound in your pocket' and inflation at 20% and interest rates 15%.
Thatcher	A complete sea-change in politics. Destroying the power of Arthur Scargill of the Miners Union and the Trade Union movement in general. A necessary step at the time, but like all good things, went too far.
Blair	Mr Nice Guy, until he became indoctrinated by Bush.

(Forget Douglas-Home, Callaghan, Major and indeed Brown)

We now have this extraordinary Coalition of opposites that might just have the mandate to challenge the excessive 'state spending' of the past. We all knew 'state spending' had got out of control, but who could deal with it?

It could work, or it could be a disaster. The jury is out. But in the famous words of 'Rowan and Martin's Laugh In', "Very interesting".

THE ECONOMY

As last week's Sunday Times stated following the €35bn Government bailout of 'The Allied Irish Bank', this problem has been brought on by a handful of greedy irresponsible bankers, sucked in by a few more Wild West property speculators, which will ensure that the Republic of Ireland will be under financial restraint for many years. This is certainly the case in Greece, Spain and to a lesser extent the UK. The figures one now reads about HBOS and RBS lending to speculative property ventures (which did not seem speculative at the time) are really beyond comprehension.

It is a good thing that all the Chairmen and CEO's of the major banks who got us in this mess have retired, or are about to retire, to make way for 'new brooms', which will hopefully sweep away the abuses we have experienced and had to suffer recently. Like so many others, do they realise how nauseated we feel by their performance. 'When will they ever learn?'

The Bank of England now agonises over which is the worst of 2 evils:

Deflation The cure: more Quantitative Easing, but will this cause more inflation?

or Inflation The cure: increasing interest rates, but will this cause deflation?

The probable outcome will be:

- 1) In the immediate future more Quantitative Easing (printing money).
- 2) Followed by increasing interest rates from the ridiculous, artificial level of bank base rate at 0.5% gross.

At the same time the Government spending cuts of 25%, which really will take place, are bound to affect the public, private and sadly charitable economies thereby slowing the UK economic recovery.

On top of this, private expenditure will be curbed by:

- 1) Top rate of income tax having risen from 40% to 50%.
- 2) Top rate of capital gains tax having risen from 18% to 28%.
- 3) Bank lending to property being restrained for another two years. House prices have just started to fall again.

Whereas this curbed expenditure should reduce inflation, inflation is actually rising with RPI at 4.7%, and CPI at 3.1% against the Government target of 2%, largely due to:

- 1) Increased fuel, food and commodity prices driven by demand from China and India.
- 2) VAT increasing from 17.5% to 20% on 4th January 2011.

Against all the odds the UK Stockmarket has been recovering with the FTSE 100 standing at 5636.

This rise has largely been helped by:

- 1) The International Monetary Fund (IMF) applauding the Coalition's fiscal policy of austerity.
- 2) Approximately 70% of FTSE 100 profits being derived from overseas and therefore with commodity, food and energy prices rising worldwide, this helps all companies exposed to overseas markets.
- 3) The banks clearly appearing to be over the worst following the Basel Committee on Banking Supervision ruling, which insists that banks must maintain core Tier 1 Capital levels of over 7% but has given banks a period of several years to reach these levels, giving them breathing space.
- 4) The belief that by 2014 the UK economy will change from restraint to growth, as we near yet another General Election.

WHERE DOES THIS LEAVE STOCKMARKETS?

- 1) Investors can barely achieve 1% gross interest on deposits.
- 2) 10 year Conventional Gilt redemption yields are at all time lows of 2.9% gross.
- 3) Medium dated Investment Grade Corporate Bond redemption yields are near all time lows of approximately 3.5% gross.
- 4) Equity yields of 3.3% net, showing a yield gap (no longer reverse yield gap) therefore look attractive, especially some of the higher yielding equities yielding over 4%. P/E's are still reasonable at 14.1x.

- 5) During the Banking Crisis various sectors have reduced dividends; Banks, Property, Insurance, Building, Telecommunications and of course BP due to 'the spill' - but nearly all other sectors have actually increased profits and increased dividends. BP and Lloyds Banking Group have now started talking about paying dividends again in the relatively near future.
- 6) Equities remain volatile with the FTSE 100:

5 th April 2010 at	5744
1 st July 2010 falling to	4790
5 th October 2010 recovering to	5636

We therefore feel that:

- 1) Deposits, Gilts and Bonds have the advantage of liquidity and safety, but give very little yield and therefore we continue to advise:

Index Linked Gilts (with RPI currently at 4.7%)

Longer dated Conventional Fixed Interest Stocks look much too high.

- 2) A well spread portfolio of reasonable yielding Equities looks better value, but the risk of volatility and the possibility of dividend reduction, as has been seen in some sectors, must be taken into account.
- 3) However, Stockmarkets remain extremely volatile and we would advise purchasing Equities selectively, often putting limits on to pick up Equities at lower prices on weak days.
- 4) As we have stated in previous Newsletters, we are looking to take gains where Stockmarkets have had good rises and go back in should they fall.

We looked at each client's portfolio and where appropriate:

- a) Took advantage of rises in the market before the General Election to build up cash deposits pending reinvestment.
- b) Reinvested part of this cash in August prior to the recent rise in Stockmarkets.

With the FTSE 100 now near its recent high, we shall in due course be looking to take gains again where appropriate, to hold cash on deposit pending reinvestment.

- 5) With rising commodity values, largely due to demand from China and India, we do feel that it is essential to have a proportion of a portfolio in:

Commodity Based Shares

and at the same time with the gradual world shift of economic growth from West to East, it must be sensible to have a proportion of a portfolio in:

Far Eastern and Emerging Markets

INVESTMENT PORTFOLIO POLICY

Barratt & Cooke's basic investment policy for most clients is to hold proportions of:

Cash - pending investment into Equity.

Index Linked Gilts - for relative safety, liquidity and inflation protection.

Spread of top quality Equities

Of the Equities, there must be an international spread, favouring Commodities and Emerging Markets.

With the continuing volatility and uncertainty of Equity markets, be prepared to take some gain on rises and be prepared to be patient to reinvest at lower levels.

OVERSEAS - India - The Aspirations of a Nation (by William Barratt)

Will Mellor wrote on Brazil in the previous newsletter, likening the 'Samba Boys' quest for glory in the World Cup to the country's economy - full of promise. Alas, the 'Samba Boys' were defeated at a relatively early stage. Had I been handed the mandate of writing the July piece, I would have explained how the class of the Spanish football team was the polar opposite of their crumbling economy!

I have been 'handed the baton' to write on India, which incidentally is currently holding the Commonwealth Games. Whilst this piece is about investment in India, I do feel this highlights a significant theme: that 'Developing' Nations are now sufficiently 'developed' to be elected to hold major sporting events:

China	Olympics 2008
South Africa	Football World Cup 2010
India	Commonwealth Games 2010
Brazil	Football World Cup 2014
Wales	Ryder Cup 2010 (as the Pope's aide would claim)

Whether India can deliver, and at the time of writing with half the track still in a lorry outside the stadium and the crowds being priced out of the market, remains to be seen. However, by the time this newsletter lands on your doorstep we will know whether in good true Indian fashion the cracks were smoothed over, or whether the chaos was similar to that of a major cross roads in Central Delhi.

Whether or not the games are a success is important for Indians, yet I believe the real success for India is being invited to host the Games, a high accolade for a country which has come so far in recent years.

The Western World has faith that developing economies have the infrastructure in place to deliver global events successfully. Yes, there is the occasional hiccup with the monsoon season arriving at the wrong time, the stadium not being passed safe until two weeks before the games or the odd pipe bursting, but let's be honest, the opening of Wembley stadium hardly went to plan and I very much doubt the 2012 Olympics will pass without incident.

I have mentioned decoupling in previous newsletters and, whilst I do not wish to clog up this newsletter with stockmarket jargon, I feel this is the key to the emerging market story and particularly relevant to India.

Decoupling refers to the theory that emerging economies can shrug off a downturn in the industrialised Western World and maintain economic growth independently. Obviously with cheaper labour, exports to more developed countries will always play a role, but it is from its own people that countries such as India are developing into superpowers. The premise of decoupling is based upon the aspirations of Indians and the fact that they are striving for a better standard of living for themselves, their families and generations to come.

In order for Indian people to achieve their aspirations, much of which are based around owning material goods, the workforce is becoming increasingly educated and driven. This is leading to greater efficiencies and increased output, which in turn lead to increased Gross Domestic Product (GDP) and ultimately employees can afford the goods they desire.

This mentality (driven/hard working) does not just come from the middle classes (I hate that expression), but primarily from those less fortunate who strive for better. This demographic means that in years to come India will have a young workforce, unlike in China where due to 'birth control' the population is getting older. Therefore we may see a shift of a number of major factories from China to India.

I believe in the Indian growth story and when Tony Blair highlighted:

"Education, Education, Education"

as the building block for economic growth he was right. India acknowledged this many years ago, allowing their middle class to benefit greatly from investment in education, evidenced by Indian Doctors all over the world. The Indian government is currently looking to invest in state education in order to give everyone hope of fulfilling their aspirations.

As Vince Cable said recently:

"Hundreds of millions (of Indians) have progressed from poverty to modest prosperity; a vast pool of educated and ambitious talent has been created; while a vibrant democracy and free press have become permanent fixtures."

Indeed there has been a migration back to India of educated businessmen, doctors, lawyers and IT experts who were dispersed across the world as they now see home as the place where they can make a real difference.

I am sorry I can't summarise up with 'isn't the Commonwealth Games brilliant', but this does highlight the risks associated with Indian investment and demonstrates the challenges they have ahead. We are therefore looking at companies which have connections to India and Investment Trusts which invest in the Indian economy and **at the right price** are looking to buy into the long term Indian growth story.

FURTHER COMMENTS

ISAs

With the rise in taxation for appropriate, eligible investors, it is even more important to build up ISAs.

Even if you are not paying tax now, but likely to in the future, such as 18 year old children, then you should build up ISAs while you can.

Capital Gains Tax

We were very worried that the Coalition could have increased capital gains tax to 40% and reduced the tax free allowance. In point of fact:

- 1) Top rate capital gains tax rose from 18% to 28% as from 23rd June 2010.
- 2) The tax free allowance remains at £10,100 for individuals and £5,050 for some Trusts.

We were right to look at all client's capital gains tax positions before the Emergency Election Budget and for those that we established taxable gains before the Emergency Election Budget on 22nd June 2010, the rate of tax is 18% not 28%, making the establishment of these gains well worthwhile for higher rate taxpayers.

CORPORATE ACTIONS

There have been very few Corporate Actions since 1st July 2010. Those that have taken place are:

VT Group/Babcock	-	merger
Dana Petroleum	-	takeover
SSL International	-	takeover
Arriva	-	takeover

There is likely to be a shift of companies moving their domiciles abroad, such as Wolseley who are moving their tax residence to Switzerland, on concerns over the UK corporation tax system.

We shall be watching the position on:

International Power

where we shall consider selling the shares ahead of the scheme, rather than running the risk of 'regulatory intervention' on the merger proposal. We shall of course be in touch when appropriate.

CONCLUSION

The whole team at Barratt & Cooke have worked efficiently and tirelessly to let me enjoy being High Sheriff.

I am now half way through my Shrieval year.

I have attended murder trials, visited prisons, officiated at the General Election, been out on the lifeboat, had evenings with the Police on Prince of Wales Road, visited RAF Marham and RAF Lakenheath and sat in jets. I have visited the Crown Prosecution Service and the Magistrates, attended many Civic Services and parades of troops returning from Iraq and Afghanistan.

I look forward to travelling in the cab of a train from Norwich to London, flying in an air tanker from Mildenhall to refuel the fighters in flight and to visit the Bacton Gas Refinery.

I have had the privilege to understand the workings of local Government (I have been far more impressed than I expected), the Judiciary, the Prison Service and the Police and the highlight so far must be the Justice Service which took place in Norwich Cathedral last Sunday, with a congregation of 700.

But above all the greatest pleasure I have had is to meet so many fantastic people of Norfolk and the unsung heroes.

My charitable cause of 'the homeless' has directed me to the dire state of the 16/17/18 year old homeless of Norwich and I shall shortly be 'sleeping rough' with General Sir Richard Dannatt (soon to become Chairman of the YMCA) and His Honour Judge Philip Curl, to raise money for this desperate corner of our society.

As you can imagine I shall soon be writing to my friends, colleagues and clients for donations to my 'High Sheriff's Charities for the 16/17/18 year old homeless'. If anyone who reads these pages, but who I do not know personally, would like to donate, please let your advisor know, who will send details.

But who knows, at the end of the year there could be my first book, and if so, I am sure all contributors will receive a signed first edition!

FINAL COMMENT

Still musing upon the Ryder Cup, Monty and his team showed such passion, resolution, guts, dignity, style and nationalism, that for once in my life I was proud to be European.

'Monty, you achieved something where endless politicians have failed.'

'Arise, Field Marshall Sir Colin Montgomerie of Celtic Manor.'

"One may doubt that, somehow,
Good shall come of water and of mud;
And, sure, the reverent eye must see,
A purpose in liquidity."

Rupert Brooke

C W L Barratt
5th October 2010

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Equity Suggestions - 5th October 2010

		<u>Price</u> <u>5/10/10</u>	<u>Net*</u> <u>Yield</u>	<u>52 Week</u> <u>High</u>	<u>Low</u>
BANKS	Barclays PLC Ordinary Shares	309p	1.5%	394p	253p
	HSBC PLC Ordinary Shares	666p	3.2%	767p	595p
	Standard Chartered PLC Ordinary Shares	1894p	2.5%	1946p	1367p
BEVERAGES	Diageo PLC Ordinary Shares	1099p	3.3%	1176p	930p
ELECTRICITY	National Grid PLC Ordinary Shares	561p	6.6%	616p	475p
	Scottish & Southern Energy PLC Ord Shares	1130p	6.0%	1206p	1005p
FINANCIALS	Schroders PLC Voting Shares	1443p	2.2%	1459p	1056p
FOOD PRODUCERS	Tate & Lyle PLC Ordinary Shares	474p	4.8%	509p	388p
	Unilever PLC Ordinary Shares	1834p	3.2%	2024p	1662p
FOOD RETAILERS	Tesco PLC Ordinary Shares	431p	3.0%	455p	368p
	William Morrison PLC Ordinary Shares	298p	2.8%	307p	255p
HOUSEHOLD PRODUCTS	Reckitt Benckiser PLC Ordinary Shares	3495p	3.1%	3667p	2971p
LEISURE	Whitbread PLC Ordinary Shares	1647p	2.3%	1653p	1172p
LIFE ASSURANCE	Aviva PLC Ordinary Shares	396p	6.1%	474p	290p
MEDIA	Reed Elsevier PLC Ordinary Shares	545p	3.7%	566p	455p
MINING	BHP Billiton PLC Ordinary Shares	2075p	2.9%	2346p	1619p
	Rio Tinto PLC Ordinary Shares	3792p	1.5%	4104p	2525p
	Xstrata PLC Ordinary Shares	1240p	1.2%	1345p	833p
OIL & GAS	BG Group PLC Ordinary Shares	1167p	1.1%	1248p	967p
	Royal Dutch Shell PLC Ordinary 'B' Shares	1882p	5.6%	1998p	1550p
PHARMACEUTICAL	GlaxoSmithKline PLC Ordinary Shares	1270p	5.0%	1347p	1088p
	Shire PLC Ordinary Shares	1422p	0.5%	1532p	999p
PROPERTY (REITs)	Land Securities PLC Ordinary Shares	663p	4.0%	744p	543p
SUPPORT SERVICES	G4S PLC Ordinary Shares	251p	2.9%	286p	218p
TELECOMMUNICATIONS	Vodafone Group PLC Ordinary Shares	161p	5.2%	165p	127p
	Inmarsat PLC Ordinary Shares	629p	3.3%	831p	529p
UTILITIES	Pennon Group PLC Ordinary Shares	582p	3.9%	617p	440p
	United Utilities PLC Ordinary Shares	584p	5.9%	620p	429p

SMALLER COMPANIES/SPECIAL SITUATIONS

BANKS	Lloyds Banking Group PLC Ordinary Shares	76p	-	79p	45p
BREWERY	Greene King PLC Ordinary Shares	429p	5.0%	484p	373p
FOOD RETAIL	Greggs PLC Ordinary Shares	475p	3.6%	506p	399p
HEALTHCARE	Synergy Health PLC Ordinary Shares	748p	1.6%	757p	548p
OIL & GAS	EnQuest PLC Ordinary Shares	118p	-	126p	87p
OIL SERVICES	Petrofac PLC Ordinary Shares	1395p	1.9%	1446p	835p
	Wood Group PLC Ordinary Shares	425p	1.7%	444p	280p
HOUSE BUILDERS	Persimmon PLC Ordinary Shares	394p	0.8%	520p	336p
NON-LIFE INSURANCE	Amlin PLC Ordinary Shares	401p	5.2%	438p	351p
PROPERTY (REITs)	London & Stamford PLC Ordinary Shares	118p	3.7%	137p	110p
RETAIL	Mothercare PLC Ordinary Shares	515p	3.0%	694p	490p

AIM LISTED

SUPPORT SERVICES	May Gurney PLC Ordinary Shares	210p	2.6%	277p	177p
TELECOMMUNICATIONS	Avanti Communications PLC Ord Shares	607p	-	649p	370p

OVERSEAS STOCKS**

BEVERAGES	Coca Cola Common Stock	3747p	2.9%	3750p	3108p
CHEMICALS	Syngenta AG Shares	15996p	2.4%	19873p	14441p
FOOD PRODUCERS	Nestlé SA Registered Shares	3412p	3.1%	3555p	2788p
HEALTHCARE PRODUCTS	Johnson & Johnson Common Stock	3947p	3.3%	4156p	3571p
OIL & GAS	Woodside Petroleum Shares	2706p	3.6%	3305p	2411p
PHARMACEUTICAL	Roche Holdings AG Genusscheine NPV	8944p	4.4%	12190p	8385p
TECHNOLOGY	Microsoft Common Stock	1529p	2.3%	1983p	1428p

* These yields are estimated and not guaranteed. ** Nominee clients only.

Source: FT closing prices 5th October 2010 and www.proquote.com

These are core stocks for a portfolio, but we will be using selective limits where appropriate.

INVESTMENT TRUST & UNIT TRUST/OEIC SUGGESTIONS

		<u>Price</u> <u>5/10/10</u>	<u>Net*</u> <u>Yield</u>	<u>52 Week</u> <u>High</u>	<u>Low</u>	<u>Disc**</u> <u>to NAV</u>
REASONABLE YIELD	Perpetual Income & Growth Inv Trust	236p	3.9%	241p	195p	2.6%
	Edinburgh Investment Trust	429p	4.8%	436p	338p	(2.5%)
WORLDWIDE GROWTH	Bankers Inv Trust	381p	3.1%	402p	336p	13.1%
	Scottish Mortgage Investment Trust	647p	1.7%	648p	475p	9.4%
	Monks Investment Trust	323p	0.9%	326p	265p	13.5%
SMALL COMPANIES	Schroder UK Mid & Small Cap Inv Trust	229p	2.3%	230p	176p	16.7%
	Invesco Perpetual UK Smaller Co's Trust	173p	2.5%	173p	146p	20.5%
EMERGING MARKETS	Templeton Emerging Markets Inv Trust	637p	0.6%	642p	453p	5.3%
	Henderson TR Pacific Inv Trust	187p	1.0%	189p	147p	9.5%
	Blackrock Latin America Inv Trust	718p	1.7%	720p	540p	0.0%
	JP Morgan Indian Investment Trust	484p	-	484p	336p	5.7%
	Schroder Oriental Income Fund	149p	3.8%	151p	110p	(1.4%)
MINING FUND	Blackrock World Mining Inv Trust	649p	0.7%	655p	475p	16.5%
TECHNOLOGY	Polar Capital Technology Trust	319p	-	319p	210p	0.2%
INFRASTRUCTURE FUND	HSBC Infrastructure Fund#	114p	5.8%	121p	109p	(5.1%)
PRIVATE EQUITY	3i Group PLC Ordinary Shares	290p	1.0%	310p	247p	-
ENVIRONMENTAL	Impax Environmental PLC Ord Shares	116p	0.6%	124p	106p	8.9%

* These yields are estimated and not guaranteed.

** Taken from the FT 5th October 2010

Yields paid gross

Source: FT closing prices 5th October 2010 and www.ft.com

FIXED INTEREST STOCKS

<u>Base Rates</u>	<u>UK</u>	<u>US</u>	<u>Europe</u>
	0.5%	0.25%	1.0%

Government Stocks

Conventional

No suitable stocks

<u>Index Linked</u>	<u>Price</u>	<u>Gross Interest Yield</u>	<u>Equivalent Gross Redemption Yield*</u> <u>Tax Rate</u>	<u>Dividend Dates</u>	<u>Redemption Date</u>
			<u>Nil</u>	<u>40%</u>	
2.5% Treasury Index Linked 2016	313.8	2.2%	2.1%	1.2%	Jul/Jan 26 Jul 2016
1.25% Treasury Index Linked 2017**	125.9	1.2%	2.4%	1.9%	May/Nov 22 Nov 2017

* Assuming that future RPI inflation averages 2.5% to redemption

** Price adjusted for inflation (please note the published price may be significantly different as it does include accrued inflation)

Euro Sterling Bonds

(only for clients in Nominees and ISAs)

	<u>Price</u>	<u>Gross Interest Yield</u>	<u>Gross Redemption Yield</u>	<u>Dividend Date</u>
Intercontinental Hotels 6% 2016 (min £50,000)	107	5.6%	4.9%	Dec
Close Brothers 6.5% 2017 (min £50,000)	106.6	6.1%	5.2%	Feb/Aug

High Yield Preference Shares

	<u>Price</u>	<u>Net Yield</u>	<u>Equivalent Gross Yield @ 20% Tax</u>	<u>Dividend Dates</u>
General Accident 8 $\frac{7}{8}$ % Cumulative Preference Shares	115.25	7.7%	9.6%	Jan/Jul
Standard Chartered 8 $\frac{1}{4}$ % Non-Cumulative Pref Shares	119.25	6.9%	8.6%	Apr/Oct

Note: Depending upon availability, similar Fixed Interest Stocks can be selected.

Source: Closing prices from Bloomberg 5th October 2010

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